WATER AND NATURAL RESOURCES

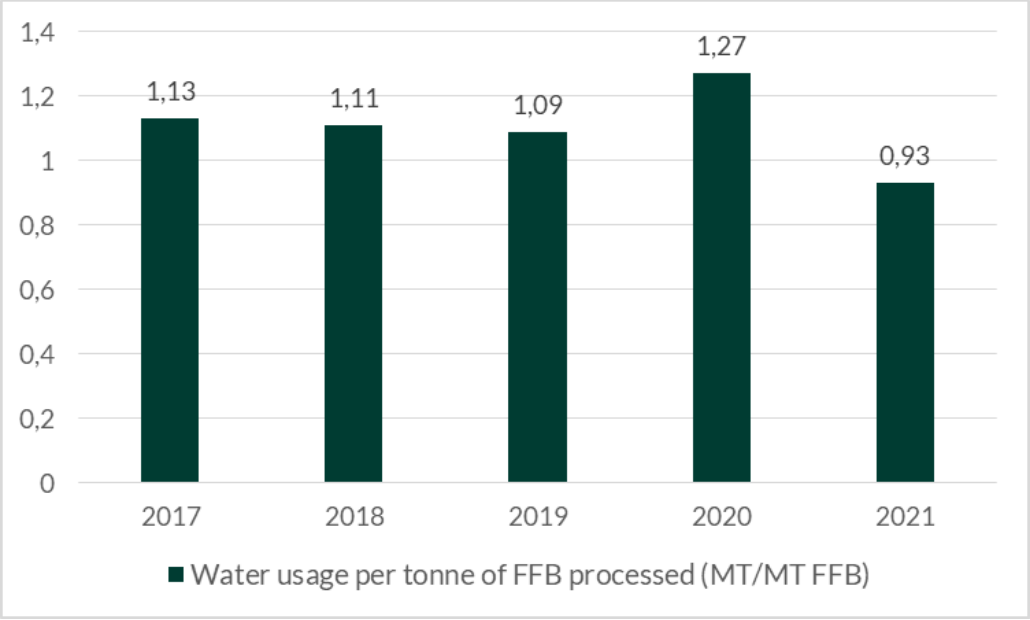
(UPDATED IN SEP 2022)

Water Resources

Among the various environmental aspects that are important to Agropalma, water resources management deserves special attention. We are committed to optimizing water consumption and ensuring water quality.

In 2021 we could reduce the use of water per metric ton of CFF processed in our factories based on last years. These numbers remain stable. Important to say we had to reduce use of recycled water after discovering that it could influence 3-MPCD and other contaminant levels that could potentially affecting product quality.

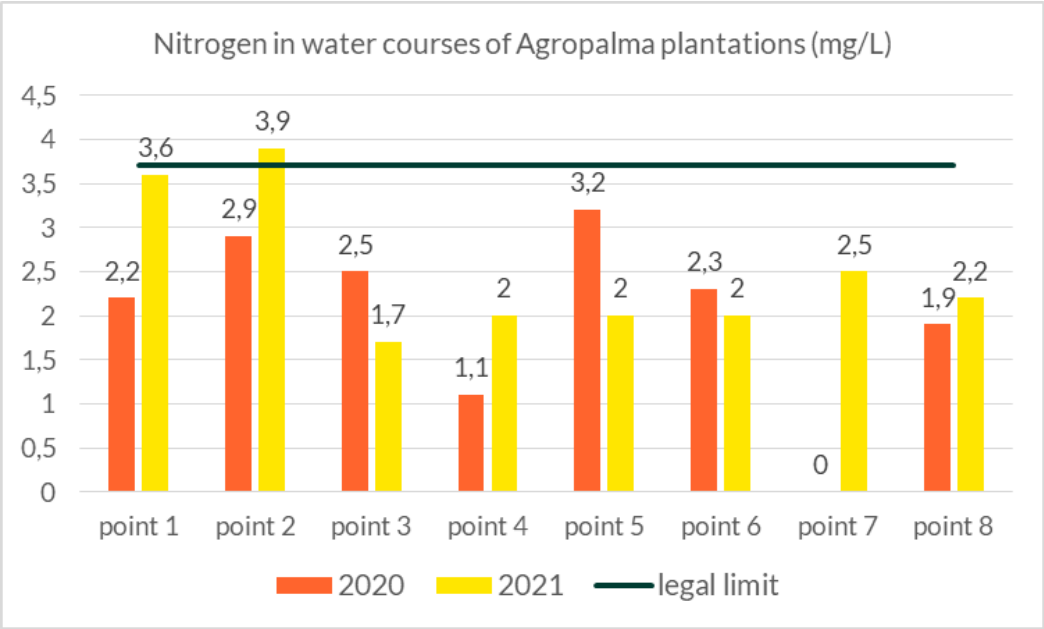
Therefore, we have had to carefully balance water use. However, we have continued to introduce options to reduce water use. We have now installed a dynamic clarification system and changed lubricant types to prevent leakage of mineral oils into our products, so we were able to reduce water usage by almost 27% from 2020 to 2021.

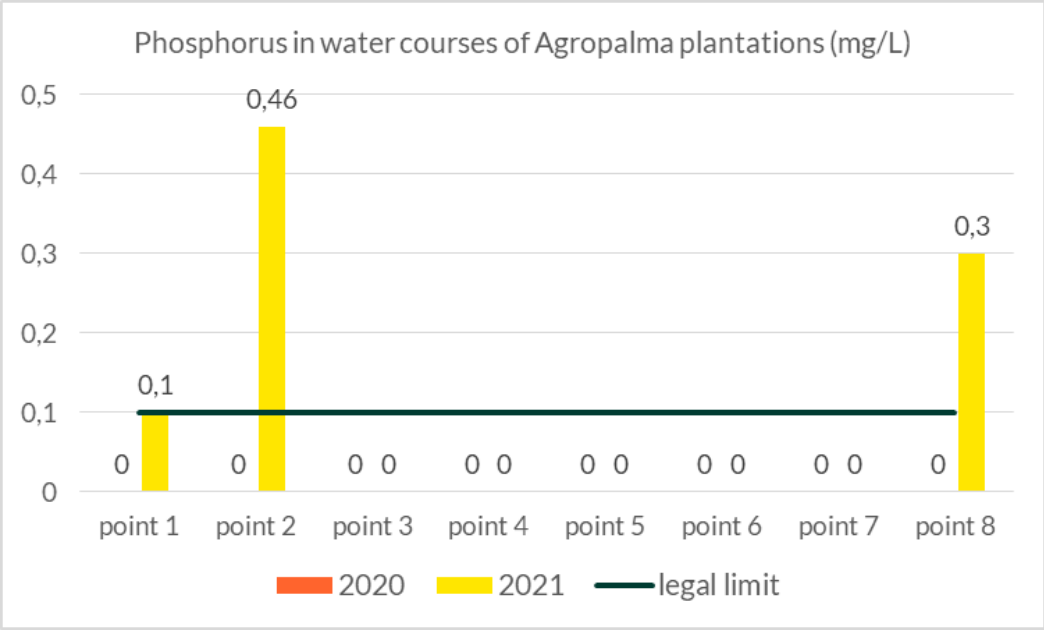


Regarding effluents of extraction industries, we are committed with the best and cost effective use and minimizing risk of contamination in water streams. For this reason, we use 100% of treated effluents as liquid fertilizers in our plantations, in other words, we have completely halted effluent releases from our extraction industries into bodies of water. These aspects are externally verified during RSPO and POIG audits.

Moreover, as recorded in our sustainability reports, we have monitored phosphor and nitrogen levels in 8 carefully chosen water streams. This monitoring aims at verifying if our plantations and extraction industries are causing any damage to water quality. In this case, the goal is to address the legal limits of 3.7 mg/L for nitrogen and 1.0 mg/L for phosphor.

Below the analytical results for 2020 and 2021 are featured.





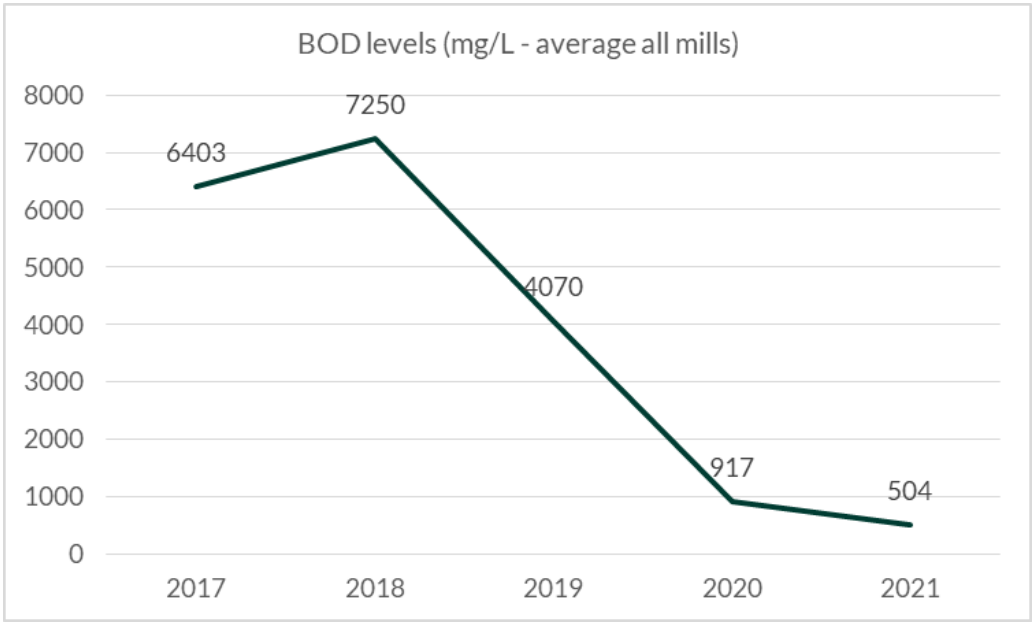
In 2020, all figures for nitrogen and phosphorus were below the legal limit. In 2021, results for point 2 exceeded the limit for both parameters and points 1 and 8 for phosphorus. Our environmental team determined that the higher figures were caused when unexpected heavy rain washed freshly applied fertilizer into the streams. The team concluded that there were no significant environmental impacts, such as dead fish or eutrophication, and all streams appeared normal.

Our plantations are in a region of Para state where towns and villages are not affected by water shortages. Nevertheless, as part of our commitment to the POIG Charter, we do our utmost to ensure we have little to no impact on the quality or volume of locally available water.

Nevertheless, monitoring of this waterway was continued with weekly measurements, and no signs of abnormality were recorded.

Still aiming at preventing negative impacts to water resources, Agropalma manages pests, diseases and naturally growing vegetation preferably through non-chemical methods, such as: biological control, traps, mechanical eradication and mechanized hoeing, among others.

The use of pesticides is monitored by tracking toxicity per hectare instead of volumes. This allows observation of any changes from year to year and follow up on performance compared to our peers in the industry, regardless of changes in formulation or the type of pesticide used. Volumes used vary according to the planting cycle, since younger palm trees require more frequent applications. It is possible to assign the resulting increase to the replanting that has taken place over the last five years.



Over the past few years, we have made great strides in reducing biological oxygen demand (BOD) levels to less than 10% of previous levels. We have achieved this through more efficient cleaning of POME ponds and implementing a new state-of-the-art effluent pond that treats POME from the new mill and the neighboring one. We are delighted to have decreased BOD levels by around 90% to normal levels by reducing the oil content in POME, implementing better recirculation, correcting pH levels, and improving the microbiota. With lower volumes of effluents, we can also mitigate BOD levels as retention time in the ponds increases.

Instead of being released into waterways, we use effluents as an efficient source of fertilizer in the field. We have developed a state-of-the-art mechanized POME distribution system to ensure effluents from our mills are sprayed more uniformly on plantations, minimizing the risk of run-off into waterways.